Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

UNCLASSIFIED

PAGE 01 BRUSSE 15999 01 OF 03 092133Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 EA-12 FRB-01 INR-07 NEA-10 NSAE-00
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 3025
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS SECTION 01 OF 03 BRUSSELS 15999

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC, EFIS
SUBJ: EC COUNCIL OF AGRICULTURAL MINISTERS, NOVEMBER 7-8

REF: (A) BRUSSELS 15826, (B) BRUSSELS 14755, (C) BRUSSELS 8952, (D) BRUSSELS 8567, (E) BRUSSELS 14756, (F) BRUSSELS 13921, (G) BRUSSELS 15186

1. SUMMARY: AT ITS NOVEMBER 7-8 COUNCIL MEETING, THE EC AGRICULTURAL MINISTERS REDUCED THE IMPORT DUTY ON APPLES TO 6 PERCENT UNTIL JANUARY 31, 1978; EXTENDED THE SPECIAL IMPORT ARRANGEMENTS FOR ACP BEEF FOR 1978; AND ESTABLISHED A SPECIAL 600-TON HERRING FISHING QUOTA OFF THE FRENCH COAST BETWEEN ETAPLES AND THE SEINE
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PAGE 02 BRUSSE 15999 01 OF 03 092133Z

ESTUARY. THEY BRIEFLY DISCUSSED ISSUES RELATED TO MEDITERRANEAN AGRICULTURE AND A COMMISSION PROPOSAL CONCERNING THE ESTABLISHMENT OF A PRODUCER SUBSIDY SCHEME FOR CASTOR BEANS. THE MINISTERS ALSO REVIEWED THE EC COMMISSION PLANS FOR USING FUNDS COLLECTED FROM THE DAIRY CORESPONSIBILITY LEVY. WITH THE EXCEPTION OF THE UK, THE COUNCIL REACTED FAVORABLY TO THE NEW

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

COMMISSION PROPOSAL FOR THE REFORM OF MCA'S.
THE NEXT COUNCIL OF AGRICULTURAL MINISTERS
IS SCHEDULED TO MEET DECEMBER 12-13. END SUMMARY.

2. EC DUTY REDUCTION ON APPLES.

AS REPORTED IN REF. A, THE COUNCIL OF AGRICULTURAL MINISTERS TEMPORARILY REDUCED THE EC IMPORT DUTY ON APPLES TO 6 PERCENT UNTIL JANUARY 31, 1978. IT APPEARS THAT THE PARTIAL TARIFF REDUCTION, TO BE EFFECTIVE FOR A MONTH LONGER THAN HAD ORIGINALLY BEEN PROPOSED, WAS A COMPROMISE TO OBTAIN ITALIAN APPROVAL, AS THE DUTCH HAD LESSENED THEIR OPPOSITION. THE TARIFF REDUCTION WAS ONLY APPROVED AFTER AN HOUR-LONG "RESTRICTED" SESSION IN WHICH THE UK TOOK THE OPPORTUNITY TO AGAIN REQUEST A DUTY SUSPENSION ON EC IMPORTS OF PEARS AND THE FRENCH MENTIONED THAT CONSIDERATION BE GIVEN TO A DUTY SUSPENSION ON CITRUS FRUIT. THE FRENCH, HOWEVER, DID NOT REQUEST THE COMMISSION TO DRAFT A PROPOSAL FOR A DUTY SUSPENSION NOR DID IT SPECIFY WHICH CITRUS FRUIT SHOULD BE CONSIDERED. THE COMMISSION WAS INSTRUCTED TO UNDERTAKE A STUDY OF THE PRICE TRENDS IN THE FRUIT AND VEGETABLE SECTOR FOR SUBMISSION TO THE COUNCIL AT ITS NEXT MEETING SCHEDULED FOR DECEMBER 12-13, 1977.

3. ACP BEEF.
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PAGE 03 BRUSSE 15999 01 OF 03 092133Z

THE MINISTERS EXTENDED UNTIL DECEMBER 31, 1978, THE SPECIAL EC IMPORT ARRANGEMENTS FOR BEEF ORIGINATING FROM THE ACP COUNTRIES. UNDER THE PROVISIONS OF THE LOME CONVENTION, ACP BEEF PRODUCERS RECEIVE A DUTY-FREE QUOTA FOR EC BEEF IMPORTS, AND A 90 PERCENT REDUCTION IN EC IMPORT LEVIES ON THE CONDITION THAT THESE COUNTRIES APPLY A 90 PERCENT EXPORT TAX. THE 27,532 M.T. QUOTA IS ALLOCATED TO BOTSWANA (17,360 M.T.), KENYA (130 M.T.), MADAGASCAR (6,956 M.T.), AND SWAZILAND (3,086 M.T.). UK AGRICULTURE MINISTER SILKIN INDICATED THAT BOTSWANA HAD REQUESTED THAT THE EC INCREASE ITS QUOTA BY 4,000 M.T. UNTIL THE END OF THIS YEAR DUE TO THE LOSS OF THE SOUTH AFRICAN MARKET. THE COMMISSION WAS INSTRUCTED TO LOOK INTO BOTSWANA'S SPECIAL REQUEST. THE COMMISSION PLANS TO SUBMIT AN OVERALL REPORT TO THE COUNCIL IN DECEMBER OUTLINING THE PROBLEMS SURROUNDING THE EC BEEF IMPORT SITUATION, FOCUSING PRIMARILY ON THE QUOTA ALLOCA-TIONS--GATT, AUSTRIA, YUGOSLAVIA, ETC., SO THAT DETAILED DISCUSSIONS MAY BE UNDERTAKEN AT THE NEXT COUNCIL MEETING ON THE EC BEEF IMPORT ARRANGEMENTS.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

4. MEDITERRANEAN AGRICULTURE.

THE COUNCIL BRIEFLY DISCUSSED ISSUES RELATED TO MEDITERRANEAN AGRICULTURE BASED ON A DOCUMENT SUBMITTED TO THE COUNCIL IN OCTOBER (REF. B). AGRICULTURE COMMISSIONER GUNDELACH AGAIN INFORMED THE COUNCIL THAT CONCRETE PROPOSALS DEALING WITH SPECIFIC MEDITERRANEAN AGRICULTURAL PROBLEMS WOULD BE SUBMITTED IN DECEMBER. HE STRESSED THAT THE MEASURES WOULD BE GEARED MORE TOWARD STRUCTURAL AND MARKET ORGANIZATION IMPROVEMENT THAN PRICE SUPPORT. HE EMPHASIZED THAT THE MEDITERRANEAN AGRICULTURAL REFORM WOULD NOT BE CONSIDERED IN TANDEM WITH THE PRICE-FIXING PACKAGE. GERMANY AND THE UK FULLY SUPPORTED THE COMMISSION APPROACH WHILE FRANCE
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 BRUSSE 15999 01 OF 03 092133Z

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PAGE 01 BRUSSE 15999 02 OF 03 092134Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 3026
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS SECTION 02 OF 03 BRUSSELS 15999

AND ITALY WOULD PREFER TO SEE REFORM ALONG THE LINES OF FINANCIAL COMPENSATION. FRENCH AGRICULTURE MINISTER MEHAIGNERIE STRONGLY ADVISED THE COMMISSION TO SERIOUSLY STUDY THE FRENCH AND ITALIAN MEMORANDA (REFS. C AND D) WHICH WERE PRESENTED TO THE COMMISSION IN JULY.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

5. CORESPONSIBILITY LEVY ON DAIRY PRODUCTS.

THE COUNCIL REVIEWED A COMMISSION REPORT WHICH PROVIDED A BREAKDOWN OF THE USE OF THE FUNDS TO BE COLLECTED FROM THE 1.5 PERCENT CORESPONSIBILITY LEVY WHICH HAS BEEN APPLIED ON MILK DELIVERIES SINCE SEPTEMBER 16, 1977. IT SHOULD BE NOTED THAT COUNCIL APPROVAL OF THE ALLOCATION OF THESE FUNDS IS NOT REQUIRED; HOWEVER, THE COMMISSION ASKED FOR SUGGESTIONS FROM THE COUNCIL. FOR THE FIRST YEAR, THE REVENUE IS EXPECTED TO AMOUNT TO 208 MILLION U.A. THE FUNDS HAVE BEEN ALLOCATED AS FOLLOWS: MARKETING RESEARCH, PROMOTION AND ADVERTISING CAMPAIGNS FOR DAIRY PRODUCTS (40 MILLION U.A.); SCHOOL MILK PROGRAM (26 MILLION U.A.); THE UNCLASSIFIED

USE OF INTERVENTION BUTTER IN ICE CREAM MANUFACTURING (32 MILLION U.A.); SUBSIDIZING THE USE OF CONCENTRATED BUTTER IN COOKING (15 MILLION U.A.); AND A RESERVE FUND (45 MILLION U.A.). THE REMAINING 50 MILLION U.A. HAVE NOT YET BEEN COMMITTED. THE COMMISSION HAS PROPOSED USING THIS AMOUNT TO FINANCE EXISTING EC PROGRAMS FOR THE USE OF LIQUID SKIM MILK AND NFDM IN ANIMAL FEEDS BUT, THUS FAR, EC PRODUCER GROUPS, WHICH SERVE IN A CONSULTATIVE CAPACITY IN THE DISBURSEMENT OF THESE FUNDS, HAVE OPPOSED THIS PROPOSAL. THE FRENCH WERE HIGHLY IN FAVOR OF USING SOME OF THE FUNDS AS EXPORT SUBSIDIES, BUT COMMISSIONER GUNDELACH POINTED OUT THAT NONE OF THE FUNDS WOULD BE USED FOR THIS PURPOSE. THE UK WAS ENCOURAGED BY GUNDELACH'S RESPONSE AND ADVISED THE COMMISSION THAT A SUBSTANTIAL AMOUNT OF THE FUNDS SHOULD BE SPENT ON MILK PROMOTION PROGRAMS WITHIN THE EC, SUCH AS THE ONE WHICH CURRENTLY EXISTS IN THE UK. THE UK'S LEVEL OF MILK CONSUMPTION IS ABOUT TWICE THE LEVEL OF THAT OF THE AVERAGE OF OTHER MEMBER STATES. THE CORESPONSIBILITY LEVY IS NOW BEING APPLIED IN ALL MEMBER STATES EXCEPT ITALY AND BELGIUM WHERE COMPLIANCE IS EXPECTED IN THE NEAR FUTURE. THE SPECIAL AGRICULTURE COMMITTEE IS TO EXAMINE OPERATION OF THE PROGRAM AND PERIODICALLY REPORT ITS PROGRESS TO THE COUNCIL.

6. REFORM OF THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS (MCA'S).

THE COMMISSION'S PROPOSALS FOR THE REFORM OF THE MCA SYSTEM WERE ALSO DISCUSSED. AS ANTICIPATED IN REF. E, THE COMMISSION'S PROPOSALS WOULD PROVIDE FOR THE GRADUAL PHASING OUT OF THE EXISTING "STOCK" OF MCA'S AND THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

ELIMINATION OF NEW MCA'S AT THE START OF THE SUBSEQUENT MARKETING YEAR (SUBJECT TO A 5 PERCENTAGE POINT MAXIMUM REDUCTION IN MCA'S EACH YEAR). THE COMMISSION'S FINAL PROPOSAL CALLS FOR THE PHASING OUT OF EXISTING MCA'S OVER A 7-YEAR PERIOD; INITIALLY, A 10-YEAR PERIOD HAD BEEN CONSIDERED. WITH THE EXCEPTION OF THE UK, THE RECEPTION OF THE MCA PROPOSAL WAS GENERALLY FAVORABLE. THE GERMAN REACTION WAS UNEXPECTEDLY MILD. THE GERMAN DELEGATION EXPRESSED APPROVAL IN PRINCIPLE OF THE OBJECTIVE OF RETURNING TO A COMMON PRICE, ALTHOUGH CAUTIONING THAT THE EFFECT OF MCA REDUCTIONS ON FARMER INCOMES MUST BE TAKEN INTO ACCOUNT. THE UK DELEGATION EXPRESSED THE VIEW THAT THE MCA PROBLEM COULD NOT BE SEPARATED FROM THE QUESTION OF ADOPTION OF THE BASKET UNIT OF ACCOUNT IN AGRICULTURE. ALONG WITH ITS PROPOSAL FOR MCA REFORM, THE COMMISSION SUBMITTED A REPORT ON THE POSSIBILITY OF USING THE EUA IN THE CAP; THIS REPORT WAS DISCUSSED IN REF. E.

7. CASTOR BEANS.

THE COUNCIL APPROVED IN PRINCIPLE "FOR AN EXPERIMENTAL PERIOD" THE COMMISSION PROPOSAL TO ESTABLISH A PRODUCER SUBSIDY SCHEME (SIMILAR TO THOSE WHICH EXIST FOR SOYBEANS AND LINSEED) TO ENCOURAGE EC PRODUCTION OF CASTOR BEANS. THE SPECIAL COMMITTEE ON AGRICULTURE WAS INSTRUCTED TO FINALIZE THE PROPOSED REGULATION SO THAT A COUNCIL DECISION MAY BE TAKEN AT A FUTURE MEETING.

8. FISH.

THE COUNCIL AGREED TO GRANT AN EXCEPTIONAL HERRING QUOTA OF 600 TONS FOR FRENCH COASTAL FISHERMEN OPERATING IN ICES ZONE VIII D (BETWEEN ETAPLES AND THE SEINE

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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TO SECSTATE WASHDC 3027
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS SECTION 03 OF 03 BRUSSELS 15999

ESTUARY). THIS EXCEPTION TO THE EC'S BAN ON NORTH SEA HERRING FISHING (REF. G) APPLIES ONLY TO FISHERMEN USING LOW TONNAGE VESSELS EQUIPPED WITH GILL NETS OR DRIFT NETS. THE COMMISSION IS TO CONTINUE ITS EXAMINATION OF POSSIBLE EXCEPTIONS TO THE BAN IN 1978, WHICH MIGHT BE JUSTIFIED ON THE BASIS OF SPECIAL SOCIAL PROBLEMS.

9. OTHER.

THE GERMAN AND BELGIAN MINISTERS EXPRESSED CONCERN ABOUT THE PASTA MARKET SITUATION AND ASKED THAT MEASURES BE UNDERTAKEN TO ELIMINATE TRADE DISTORTION IN THIS SECTOR. THESE DELEGATIONS ALLEGE THAT THE ABSENCE OF MCA'S ON PASTA PRODUCTS AND DURUM WHEAT PUTS THEIR INDUSTRIES AT A COMPETITIVE DISADVANTAGE VIS-A-VIS ITALY. THE COMMISSION ASSURED THE MINISTERS THAT THEIR STATEMENTS WOULD BE TAKEN INTO CONSIDERATION WHEN IT LOOKED INTO THE PROBLEM.

THE FRENCH DELEGATION CITED THE NEED FOR PROGRESS
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PAGE 02 BRUSSE 15999 03 OF 03 092134Z

IN THE DEVELOPMENT OF A CAP FOR ALCOHOL. THE SPECIAL AGRICULTURE COMMITTEE WAS ASKED TO EXPEDITE ITS EXAMINATION OF THIS PROPOSAL. MORRIS

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

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Margaret P. Grafeld
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EO Systematic Review
22 May 2009
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